

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COMMITTEE:

AUDIT COMMITTEE

30th April 2018

Item No. 11
Draft Annual Audit Plan 2018/19

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)

(01443) 680779

1. PURPOSE OF THE REPORT

This report provides Members with the draft Annual Audit Plan for 2018/19.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Form an opinion on the adequacy of the draft Annual Audit Plan for 2018/19 (included as **Appendix A**) having regard to its ability to monitor the adequacy of the risk management framework and the associated control environment of the Council based on the proposed audit reviews set out for the forthcoming year.

2.2 Determine whether to approve the draft Annual Audit Plan for 2018/19 in its current form or instruct the Head of Internal Audit & Procurement Development Programmes to make amendments to the plan in line with Audit Committee feedback and present a revised draft plan to the next Audit Committee.

3. BACKGROUND

3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an audit plan should be compiled.

3.2 Internal Audit's Charter provides the methodology by which the annual plan is compiled, as follows:

Resourcing

When compiling the draft Annual Audit Plan, a full consultation process takes place with all key stakeholders during January and February each year. The Council's Strategic Risk Register is used to drive initial discussions with all Lead Officers. In addition to using the Strategic Risk Register, consultation also takes place with Group Directors, Service Directors and Heads of Service, the Annual Audit Plan takes into account the outcomes of previous audit work in the area(s) and the views of External Audit.

The Annual Audit Plan is fixed for a period of one year and outlines the assignments to be carried out, and the estimated resources needed. The plan differentiates between assurance and consultancy work, and is flexible to be able to reflect the changing risks and priorities of the organisation. The aim is to establish a risk based audit plan that also covers the Council's overall control environment as far as practicable (as required within the Public Sector Internal Audit Standards). Contingencies are included within the Annual Audit Plan in order for Internal Audit to respond to any emerging issues within the year.

- 3.3 Information and areas taken into account when compiling the Annual Audit Plan are:
- Strategic Risk Register;
 - Corporate Plan;
 - Key Financial Systems;
 - Fraud, Bribery & Corruption Risk Assessment;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews requested by Audit Committee;
 - Audit reviews that are carried forward from the previous audit plan; and
 - Recommendations from External Inspectors / Regulators,
- 3.4 Whilst the Public Sector Internal Audit Standards require a risk based audit plan (achieved via the use of the Strategic Risk Register & Corporate Plan, along with discussions with relevant Officers to target resources), the Standards also require an audit plan to cover the Council's overall control environment as far as practicable. By taking into account the sources of information noted in 3.3 above, this supports Internal Audit (and Audit Committee) to achieve the following:
- Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan for 2018/19;
 - Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2018/19 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enables Internal Audit to form an opinion on the overall control environment for 2018/19.
- 3.5 To ensure the Internal Audit Service has sufficient resources available to undertake the number of audit reviews identified within the draft Annual Audit Plan, the Head of Internal Audit & Procurement Development Programmes has undertaken an Audit Needs Assessment with the Group Director

Corporate & Frontline Services (the Council's Section 151 Officer) as required by section '2030 Resource Management' of the Public Sector Internal Audit Standards. The outcome of this exercise has confirmed the Internal Audit Service will have adequate resources available during the forthcoming financial year to deliver an end-of-year audit opinion and a summary setting out how the total number of auditor days available has been calculated is provided at Appendix B. Appendices C and D show how and where these days are proposed to be allocated.

- 3.6 The draft plan contains 19 reviews that are proposed to be carried forward from the 2017/18 Audit Plan and these have been highlighted in orange within Appendix A, for ease for reference.
- 3.7 The External Audit Manager has been consulted.
- 3.8 The draft Annual Audit Plan is attached at **Appendix A** and provides information that shows the 'source' from where the audit materialised.

4. SUMMARY

- 4.1 The draft Annual Audit Plan for 2018/19 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council's Audit Charter.
- 4.2 The outcome of the Audit Needs Assessment undertaken by the Head of Internal Audit & Procurement Development Programmes, in consultation with the Group Director Corporate and Frontline Services (the Council's S 151 Officer), has confirmed the Internal Audit Service will have adequate resources available during the forthcoming financial year to deliver an audit opinion.
- 4.3 The Council's Audit Committee, in line with its Terms of Reference, are requested to review the draft Annual Audit Plan for 2018/19 and if deemed appropriate approve its content for delivery during the forthcoming financial year.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

30th April 2018

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes).

Item

File Ref:

11. Draft Annual Audit Plan 2018/19

IA / MC

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APPENDIX A

Draft Annual Audit Plan 2018/19 (including the planned quarter within which the audit is due to commence)

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
WHOLE AUTHORITY ARRANGEMENTS					
PERFORMANCE INDICATORS	HIGH	20	1	ASSURANCE	CORPORATE PLAN PRIORITIES
RISK MANAGEMENT	HIGH	20	2	ASSURANCE	RISK MANAGEMENT ARRANGEMENTS
ANTI-FRAUD, BRIBERY & CORRUPTION	HIGH	20	3	ASSURANCE	GOVERNANCE
CORPORATE SAFEGUARDING ARRANGEMENTS	HIGH	10	N/A	CONSULTANCY	GOVERNANCE
PREPARING FOR THE GENERAL DATA PROTECTION REGULATION	HIGH	100	N/A	CONSULTANCY	GOVERNANCE & DATA PROTECTION
DIGITALISATION	HIGH	20	3	ASSURANCE	CORPORATE PLAN - WORKSTREAM
COMMERCIALISATION	HIGH	20	2	ASSURANCE	CORPORATE PLAN - WORKSTREAM
EARLY INTERVENTION & PREVENTION	HIGH	20	3	ASSURANCE	CORPORATE PLAN - WORKSTREAM
INDEPENDENCE	HIGH	20	2	ASSURANCE	CORPORATE PLAN - WORKSTREAM
EFFICIENT & EFFECTIVE ORGANISATION	HIGH	20	3	ASSURANCE	CORPORATE PLAN - WORKSTREAM
ORGANISED CRIME REVIEW	HIGH	2	1	ASSURANCE	GOVERNANCE
TOTAL DAYS FOR WHOLE AUTHORITY ARRANGEMENTS		272			
CHIEF EXECUTIVE					
HUMAN RESOURCES					
RECRUITMENT - PRE EMPLOYMENT CHECKS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SICKNESS ABSENCE MANAGEMENT - SCHOOLS	HIGH	20	3	ASSURANCE	FOLLOW-UP REQUESTED BY AUDIT COMMITTEE

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
LEGAL AND DEMOCRATIC SERVICES					
CASE MANAGEMENT	MEDIUM	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
REGENERATION & PLANNING					
HOUSING GRANTS	HIGH	20	2	ASSURANCE	FRAUD, BRIBERY & CORRUPTION RISK ASSESSMENT
COMMUNITY INFRASTRUCTURE LEVY	HIGH	20	2	ASSURANCE	CORPORATE PLAN
ENTERPRISE SUPPORT GRANT	N/A	5	1	CONSULTANCY	CORPORATE PLAN
TOTAL DAYS FOR CHIEF EXECUTIVES:		100			
COMMUNITY & CHILDREN'S SERVICES					
ADULT SERVICES					
SUPPORTED LIVING	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE PANEL PROCESS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
THE REVIEW TEAM	MEDIUM	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
DIRECT PAYMENTS	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CHILDREN'S SERVICES					
16+ PAYMENTS	MEDIUM	15	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ADOPTION SUPPORT PAYMENTS	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YOUTH OFFENDING SERVICE	MEDIUM	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CONTACT SERVICE	MEDIUM	15	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CONTRACT MANAGEMENT - PLACEMENTS	HIGH	20	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
PUBLIC HEALTH, PROTECTION & COMMUNITY SERVICES					
BEREAVEMENT SERVICES SELF EVALUATION REPORT	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYDCOED CREMATORIUM	LOW	5	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ENGAGEMENT, INTERVENTION & PREVENTION	HIGH	20	2	ASSURANCE	STRATEGIC RISK REGISTER
REGISTRATION SERVICES	LOW	10	3	ASSURANCE	A REQUIREMENT OF AN EXTERNAL REGULATOR
BROKER SERVICE	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS COMMUNITY & CHILDREN'S SERVICES		205			
CORPORATE & FRONTLINE SERVICES					
CORPORATE ESTATES & PROCUREMENT					
ENERGY MANAGEMENT	HIGH	10	2	ASSURANCE	CORPORATE PLAN
LEGIONELLA MANAGEMENT	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
21 st CENTURY SCHOOLS - CAPITAL PROJECT	HIGH	20	3	ASSURANCE	STRATEGIC RISK REGISTER
FINANCIAL SERVICES					
PENSIONS	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TAXATION	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TREASURY MANAGEMENT	HIGH	10	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
GENERAL LEDGER	HIGH	10	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CREDITORS - IR35	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ADMINISTRATION OF TRUST FUNDS	LOW	5	3	ASSURANCE	GRANT CERTIFICATION

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
INCOME, DEBTORS & DEBT RECOVERY	HIGH	10	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HIGHWAYS & STREETCARE					
WASTE SERVICES	HIGH	15	4	ASSURANCE	CORPORATE PLAN
HIGHWAYS - CAPITAL PROGRAMME	HIGH	15	2	ASSURANCE	STRATEGIC RISK REGISTER
IT					
DISASTER RECOVERY - FOLLOW-UP	HIGH	10	2	ASSURANCE	FOLLOW-UP
TOTAL DAYS CORPORATE & FRONTLINE SERVICES		160			
EDUCATION & LIFELONG LEARNING					
ACCESS & ENGAGEMENT & INCLUSION					
IN YEAR TRANSFER PROTOCOLS	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SCHOOLS & COMMUNITY					
EARLY YEARS PROVISION	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOLS					
GLYNHAFOD JUNIOR	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CAEGARW PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CAPCOCH PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CARADOG PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CWMBACH COMMUNITY PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CWMDAR PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
CWMLAI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
DARRENLAS PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
GELLI PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HAWTHORN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
HIRWAUN PRIMARY	MEDIUM	4	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
LLWYNCRWN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MISKIN PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PARC PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PARCLEWIS PRIMARY	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YGG LLWYNCELYN	MEDIUM	4	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOL SELF ASSESSMENT REPORT 2017/18	MEDIUM	1	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PRIMARY SCHOOL SELF ASSESSMENT REPORT 2018/19	MEDIUM	4	4	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MIDDLE SCHOOLS					
YSGOL LLANHARI FOLLOW UP	HIGH	20	3	ASSURANCE	FOLLOW-UP OF 2017/18 AUDIT
COMPREHENSIVE SCHOOLS					
TREORCHY COMPREHENSIVE	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
MOUNTAIN ASH COMPREHENSIVE	HIGH	20	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TONYPANDY COMMUNITY COLLEGE	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
YSGOL GYFUN CWM RHONDDA	HIGH	20	2	ASSURANCE	OVERALL CONTROL ENVIRONMENT
ABERDARE COMMUNITY SCHOOL	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
Y PANT FOLLOW-UP	HIGH	2	1	ASSURANCE	FOLLOW-UP REQUESTED BY AUDIT COMMITTEE
YSGOL GYFUN GARTH OLWG FOLLOW-UP	HIGH	2	1	ASSURANCE	FOLLOW-UP REQUESTED BY AUDIT COMMITTEE
HAWTHORN HIGH SCHOOL FOLLOW-UP	HIGH	2	1	ASSURANCE	FOLLOW-UP REQUESTED BY AUDIT COMMITTEE
DCELLS 2017/18	HIGH	2	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
DCELLS 2018/19	HIGH	20	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
POST 16 GRANT FUNDING	HIGH	4	4	ASSURANCE	GRANT CERTIFICATION
EDUCATION IMPROVEMENT GRANT	HIGH	20	3	ASSURANCE	GRANT CERTIFICATION
THEMATIC REVIEWS - COMPREHENSIVE SCHOOLS					
GOVERNANCE ARRANGEMENTS	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SAFEGUARDING ARRANGEMENTS	HIGH	15	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
PURCHASE CARDS	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
SCHOOL PRIVATE FUNDS	HIGH	15	1	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS EDUCATION & LIFELONG LEARNING		341			
CENTRAL SOUTH CONSORTIUM JOINT EDUCATION SERVICE (CSC)					
CSC - EDUCATION IMPROVEMENT GRANT	HIGH	15	3	ASSURANCE	GRANT CERTIFICATION
CSC - GENERAL LEDGER	LOW	5	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS CENTRAL SOUTH CONSORTIUM		20			
AMGEN					
AMGEN - PAYROLL	MEDIUM	5	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT

	RISK / PRIORITY	DAYS	QTR	TYPE OF WORK	SOURCE FROM WHICH THE AUDIT HAS BEEN IDENTIFIED / REASON FOR INCLUSION
AMGEN - DEBTORS	MEDIUM	5	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
AMGEN - CREDITORS	MEDIUM	5	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
AMGEN - GENERAL LEDGER	LOW	5	3	ASSURANCE	OVERALL CONTROL ENVIRONMENT
TOTAL DAYS - AMGEN		20			

Appendix B – Number of Productive Days Available

	Total days Available	Days Available Less Weekends	Full Time or Part Time	Actual Days Available	NON-PRODUCTIVE TIME				Productive Time to be Allocated
					Annual Leave Entitlement	Bank Holidays	Total Days Available Less Annual Leave & Bank Holidays	Sickness Contingency*	
Auditor 1**	365	261	FT	130.5	17.5	4	109	3	106
Auditor 2	365	261	FT	261	30	8	223	7	216
Auditor 3	365	261	FT	261	30	8	223	7	216
Auditor 4	365	261	FT	261	30	8	223	7	216
Auditor 5	365	261	FT	261	30	8	223	7	216
Auditor 6	365	261	FT	261	30	8	223	7	216
Auditor 7	365	261	PT 80%	209	23	8	178	5	173
Auditor 8	365	261	PT 80%	209	23	8	178	5	173
				1,853.5	213.5	60		48	1,532

*Sickness - based on a 3% average of 'Total Days Available Less Annual Leave and Bank Holidays'.

** 50% time allocated to supporting the Council's procurement function.

Total of Actual Days Available	1,853.5	days
Total 'Non-Productive'	321.5	days
Productive Time to be Allocated	1,532	days

Appendix C – Time not allocated to each Group / Directorate

QUALITY & ASSURANCE MONITORING	75
AUDIT ADVICE	10
AUDIT ADMIN	25
WAO LIAISON	5
STAFF DEVELOPMENT & TRAINING	20
SECTION MEETINGS	10
MKINSIGHT	10
INTERNAL AUDIT CHARTER & AUDIT MANUAL	5
PUBLIC SECTOR INTERNAL AUDIT STANDARDS	5
STRATEGIC INTERNAL AUDIT MANAGEMENT	35
RISK MANAGEMENT & GOVERNANCE	30
COMMITTEE PREPARATION & ATTENDANCE	10
OTHER WORKING GROUPS	20
SPECIAL INVESTIGATIONS / UNPLANNED WORK	30
CONTINGENCY	75
INTERNAL AUDIT DRAFT PLAN - 2019/20	20
MANAGEMENT (PLANNING, CONTROLLING & REPORTING)	30
TOTAL DAYS OTHER	415

Appendix D – Summary of ‘audit’ days allocated to each Group

OVERALL CALCULATIONS	DAYS
WHOLE AUTHORITY ARRANGEMENTS	272
CHIEF EXECUTIVE	100
COMMUNITY & CHILDREN'S SERVICES	205
CORPORATE & FRONTLINE SERVICES	160
EDUCATION & LIFELONG LEARNING	341
CENTRAL SOUTH CONSORTIUM	20
AMGEN	20
TIME NOT ALLOCATED TO EACH GROUP / DIRECTORATE	415
TOTAL PRODUCTIVE DAYS (PLANNED FOR)	1,533
TOTAL AVAILABLE DAYS	1,532
DIFFERENCE LEFT TO ALLOCATE	-1